

## HULAMIN LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1940/013924/06

JSE Code: HLM

ISIN: ZAE000096210

("Hulamin" or "the Company")



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### SUMMARISED PROVISIONAL CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Results Headlines

- Group sales volumes decreased by 11% to 219 000 tons
- Impairment charge of R1.3 billion across both Hulamin Rolled Products and Extrusions
- Loss per share increased by 57% to 380 cents per share
- Headline earnings down 182% to a loss of R240 million impacted by restructuring costs, a negative metal price lag and Isizinda restructuring
- EBITDA(1) before impairment down 98% to R18 million and normalised EBITDA(1) down 54% to R313 million
- R222 million free cash flow(2)
- Balance sheet remains robust, with net debt to equity of 11%
- Turnaround actions completed

#### Results Overview

"Hulamin experienced particularly difficult conditions during 2019. Export sales to the United States were disrupted by blockages in our distribution channel, the global economy slowed measurably through the year (prompted by a well recorded slowing in China), while local regional demand came under severe pressure throughout the year. Following the absorption of working capital in the first half of 2019, we paid specific attention to managing borrowings, to end the year 23% lower than 2018 at R226 million. This represents a positive cash flow during 2019 of R68 million.

Hulamin Extrusions suffered a first-half loss, which includes a provision for restructuring costs that were actioned largely in the second half. Sales volumes were measurably lower following a manufacturing disruption. We have concluded rightsizing programmes (in both Hulamin Extrusions and Hulamin Rolled Products). This action has resulted in the closure of the Hulamin Extrusions operation in Olifantsfontein and the consolidation of operations in Pietermaritzburg.

The outbreak of the Covid-19 pandemic in late 2019 and early 2020 has had a serious impact on all Hulamin's markets. It is likely to reduce sales volumes considerably and counteract the benefits of cost saving actioned in 2019 as well as the weaker Rand / Dollar exchange rate."

Richard Jacob, Hulamin Chief Executive Officer

#### Financial Headlines

The audited results for the year ended 31 December 2019 ("current period" or "2019 Year"), as compared to the audited results for the year ended 31 December 2018 ("comparative period" or "2018 Year"), are set out below:

	2019 Year		2018 Year
	R'000	Percentage change	R'000
Revenue (R billion)	10 708 581	-7.2%	11 533 818

Operating (loss) / profit (R million)	(1 421 404)	49.6%	(949 907)
Basic (loss) / earnings per share (cents)	(380)	57.0%	(242)
Basic headline (loss) / earnings per share (cents)	(76)	-183.5%	91
Normalised headline (loss) / earnings per share (cents) (note 1)	(8)	-110.4%	77

No dividend was declared in respect of the 2019 year. A dividend of 18 cents per share was declared in respect of the comparative period.

Note 1: Normalised EBIT, EBITDA, normalised EBITDA and normalised headline earnings ("HEPS")  
The presentation of normalised EBIT, EBITDA, normalised EBITDA and normalised headline earnings is not an IFRS requirement and these measures may not be directly comparable with the same or similar measures disclosed by other companies.

These measures are used by the Hulammin Executive Committee in assessing financial performance and are calculated in a consistent manner as per the latest annual financial statements, by excluding (i) metal price lag and (ii) material non-trading expense or income items which, due to their irregular occurrence, are adjusted for in order to better present profits and earnings attributable to the ongoing activities of the Group.

In the current period, these measures include an adjustment for restructuring costs, the settlement of a share-based payment relating to the Isizinda restructuring and the timing impact of a commodity risk management programme not qualifying for hedge accounting as at 31 December 2018 due to the limitations of IAS 39.

Note 2: The cash flow generated from operations and cash flow from investing activities, which equates to cash flows before financing activities of Hulammin ("free cash flow"), was impacted in the fourth quarter of 2018 by a customer payment of R208 million that was due to the group and was fully authorised by the customer and scheduled to be paid on 31 December 2018 but was only concluded in early January 2019. The directors of Hulammin felt that this anomaly misrepresented the group's cash flows for the 2018 financial year and therefore presented an additional measure in the 2018 results, "free cash flow (adjusted)", which represented free cash flow adjusted for the impact of the inclusion of the customer payment referred to above. Free cash flow in the current period, excluding this customer payment, would have amounted to an inflow of R14 million.

Ernst & Young Inc. have issued an unmodified opinion on the consolidated audited results for the year ended 31 December 2019. That report also includes communication of key audit matters. The audited annual financial statements and the auditor's report may be viewed on the Company's website <http://ir.hulammin.com>. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information.

This short form announcement is the responsibility of the Board and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based as a whole on consideration of the summarised provisional consolidated financial results for the year ended 31 December 2019 which may be downloaded from <https://senspdf.jse.co.za/documents/2020/jse/isse/HLM/2019Prov.pdf> or Hulammin's investor website (<http://ir.hulammin.com>), or may be requested from the Company by contacting the registered office of the Company during ordinary business hours, for a period of 30 calendar days following the date of this announcement.

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Pietermaritzburg

26 June 2020

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